

ASSIGNMENT OF LEASE AND GRANT OF SECURITY INTEREST

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This Agreement entered into as of this ^{INTERSTATE COMMERCE COMMISSION} 37 day of August, 1970, between UNITED STATES LEASING INTERNATIONAL, INC. ("USLI") and U. S. STEEL LEASING CO., INC. ("Assignee").

The parties hereby agree as follows:

1. Definition of Terms: The following terms shall have the meanings indicated:

(a) Lease - That certain Lease of Railroad Equipment dated as of May 21, 1970, between USLI and Lessee recorded pursuant to Section 20c of the Interstate Commerce Act on June 2, 1970 and assigned recordation number 57/38 together with Schedule Nos. 1-A, 1-B and 1-C between the same parties, and together with all amendments and renewals thereof and supplements thereto and rights in favor of USLI in connection therewith.

(b) Lessee - Bay State Milling Company, a Minnesota corporation.

(c) Assigned Rent - The second through and including the forty-eighth quarterly rental installments of (i) \$6,164.30 each under Schedule No. 1-A, (ii) \$15,165.40 each under Schedule No. 1-B and (iii) \$9,103.20 each under Schedule No. 1-C for a total aggregate amount of \$1,430,346.30 payable under the Lease.

(d) Leased Equipment - Collectively, all items of equipment which are subject to the Lease, consisting of (i) 10 airslide cars Nos. BSMX 47068 to BSMX 47077, both inclusive, (ii) 20 steel center flow cars Nos. BSMX 1 to BSMX 20 both inclusive, and (iii) 15 airslide cars Nos. BSMX 47078 to BSMX 47092, both inclusive, more fully described in the Lease.

(e) Event of Default - Any of the events described in paragraph 6 hereof after the giving of notice and/or lapse of time specified therein with respect to any such event.

2. Assignment. USLI hereby sells, assigns and transfers, without recourse, to Assignee the Assigned Rent and all other sums due or to become due under the Lease, including, to the extent necessary to receive and collect the same, all of USLI's right, title and interest in the Lease and in the Assigned Rent and in and to all monies due or to become due and payable as a part thereof, with full power and authority to collect, receive and accept all payments thereunder, and to enforce and take all legal proceedings in connection therewith.

3. Warranties. USLI hereby represents and warrants to Assignee that,

(a) USLI is a corporation duly organized, existing and in good standing in the State of California;

(b) The execution of this Agreement, the Lease, the execution of each other document in accordance herewith, or as may be necessary in connection herewith, and the consummation of the transactions herein contemplated have been duly authorized on the part of USLI and do not violate any provisions of the Articles of Incorporation or By-Laws of USLI or any agreement or undertaking to which it is a party or by which it is bound;

(c) The entire agreement between USLI and Lessee covering or related to the Leased Equipment and the Assigned Rent is contained in the Lease;

(d) USLI shall perform the duties of the Lessor under the Lease in accordance with the terms thereof;

(e) USLI is the true and lawful owner of the Leased Equipment, and there are no liens, encumbrances or security interests on the Leased Equipment other than the interest of Assignee created hereby and the interest of the Lessee under the Lease and current, ad valorem taxes not in default;

(f) USLI will not mortgage, pledge or subject to any other charge or other encumbrance or create any security interest in the Leased Equipment or Assigned Rent, or any of the collateral which is the subject matter of this Agreement;

(g) USLI agrees to file and/or record this instrument promptly with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act, and represents that, upon filing and/or recording it, it will constitute a perfected first and paramount security interest in the Leased Equipment; and

(h) The Lease, this Agreement and the transactions contemplated thereunder and hereunder comply with all applicable laws.

Except as contained in this Paragraph 3, USLI makes no representation, warranty or agreement express or implied of any nature whatsoever.

4. Casualty Occurrence. If pursuant to the terms of the Lease the Lessee pays to Assignee the Stipulated Loss Value of any item of Leased Equipment, the installments of Assigned Rent for all purposes hereof shall be reduced to the amount of rental which is thereafter payable under the Lease. Any amount by which the Stipulated Loss Value payment received by Assignee exceeds an amount equivalent to the present value of the then unpaid Assigned Rent with respect to the items of Leased Equipment suffering a Casualty

Occurrence computed on the basis of 12% per annum actuarial interest quarterly from the respective dates on which unpaid installments of such Assigned Rent are due, shall be held and paid over to USLI as USLI and Assignee may agree.

For purposes of all computations hereunder it shall be assumed that all years contain 360 days, all full months contain 30 days and any portion of any month contains not more than the number of days expressed as the arithmetic difference between 30 and the date (expressed as a number) on which such payment is made.

5. Security Interest. As security for the performance by the Lessee of its obligations under the Lease, USLI hereby grants to Assignee a security interest in the Leased Equipment and the proceeds thereof (herein sometimes called the "Collateral"), which will be paramount to any security interest USLI may hold in the Leased Equipment, subject at all times, however, to the rights of the Lessee under the Lease. Lessor will take whatever action is necessary to perfect said security interest and will furnish Assignee with an opinion of counsel satisfactory to it with respect to said perfection.

6. Default

(a) The occurrence of any of the following shall constitute an Event of Default hereunder:

(1) USLI shall have defaulted in the performance of any term, covenant, condition or undertaking contained in this Agreement and such default shall have remained uncured for a period of 30 days after written notice thereof by Assignee to USLI.

(2) The Lessee shall have defaulted under or breached any of the provisions of the Lease and such default or breach is

continuing after the giving of notice and/or lapse of time provided for in the Lease and Assignee shall have given USLI 10 days notice of such fact and such default or breach under the Lease is continuing.

(b) In case any such Event of Default shall have occurred and be continuing, then Assignee may take any or all of the following actions:

(1) Subject to the rights of the Lessee, proceed with or without judicial process to take possession of all or any part of the Collateral not already in the possession of Assignee;

(2) So long as Assignee acts in a commercially reasonable manner and subject to the rights of the Lessee, dispose of the whole or any portion of the Collateral or any rights or interests therein in accordance with the Uniform Commercial Code. USLI agrees that in case of sale or other disposition of the Collateral, or any portion thereof, Assignee shall apply all proceeds first of all costs and expenses of disposition, including attorneys' fees, and then to the obligations of the Lessee under the Lease;

(3) Exercise all rights and remedies of a Secured Party under the Uniform Commercial Code or other applicable law; and

(4) If the Lessee defaults under or breaches any of the provisions of the Lease, make demand upon it to remedy such default, modify or extend the Lease, including its term and rental payments, compromise or adjust claims thereunder, and exercise all remedies of the Lessor thereunder.

In the event the Lessee shall fail to perform any obligation under the Lease which causes USLI as owner of the Leased Equipment to suffer any loss, cost, damage or liability, Assignee shall cooperate with USLI to allow USLI to recover the amount of such loss,

cost, damage or liability from the Lessee to the extent provision for such recovery is made in the Lease.

7. Limitation of Liability. Notwithstanding anything contained in this Agreement or the Lease, neither Assignee or any of its successors or assigns shall have any claim, remedy, or right to proceed (in law or equity) against USLI for the Assigned Rent or any part thereof or for any liability resulting from any agreement, representation or warranty of any nature whatsoever (except under the agreements, representations and warranties made in Paragraph 3 hereof). Assignee, by the execution of this Agreement, and any assignee or successor of Assignee, by its acceptance thereof, agrees to look solely to the Collateral including the sums due and to become due under the Lease for payment of any of said amounts; provided, however, nothing herein contained shall limit, restrict or impair the rights of the Assignee to accelerate payment of the Assigned Rent upon a default under the Lease (provided that USLI shall have no personal or corporate liability for the amount which has thereby become due and the satisfaction thereof shall be limited to the Collateral including the sums due and to become due under the Lease, including any interest therein of USLI) to foreclose the lien provided for in Paragraph 5 hereof and otherwise realize upon the Collateral, including the right to proceed against the Lessee under the Lease or to proceed against USLI in its personal or corporate capacity for the damages suffered by Assignee resulting from any breach of the agreements, representations and warranties made in Paragraph 3 hereof.

8. Reassignment of Interest. Upon receipt by Assignee of all the Assigned Rent, Assignee's interest in the Lease and the

Leased Equipment shall terminate and become the property of USLI free of any lien or claim of Assignee or its assigns, and in such event, Assignee shall (i) assign, transfer and deliver to USLI the Lease and any related documents received by Assignee in connection with the aforesaid assignment of the Lease, free of any lien or claim of Assignee or any person claiming by, through or under Assignee, and (ii) release and transfer to USLI Assignee's interest in the Leased Equipment covered by the Lease free of encumbrance or liens of Assignee or any person claiming by, through or under Assignee. If the Lessee shall pay to Assignee the Stipulated Loss Value of any item of Leased Equipment, upon request of USLI, Assignee will comply with (ii) above with regard to such item of Leased Equipment.

9. Notices. Any notices permitted or required to be given hereunder shall be deemed to have been given when they have been deposited in the United States mail, first class postage prepaid, and addressed as follows:

if to USLI:

United States Leasing International, Inc.
633 Battery Street
San Francisco, California 94111
Attention: Douglas C. Kay
Senior Vice President

and if to Assignee:

U. S. Steel Leasing Co., Inc.
71 Broadway
New York, New York
Attention: J. L. Brady

10. Governing Law. This Agreement has been negotiated, executed and consummated in and shall be governed by and construed in accordance with the law of the State of New York and the rights

and duties of the parties hereto shall inure to the benefit of and be binding upon their respective successors and assigns.


IN WITNESS WHEREOF, the undersigned have duly executed these presents as of the day and year first written above.

UNITED STATES LEASING INTERNATIONAL, INC. U. S. STEEL LEASING CO, INC.

By


Senior Vice President

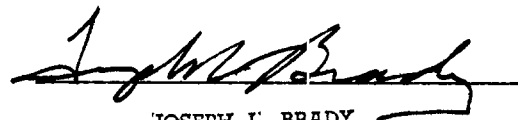
By


President

STATE OF NEW YORK)
)
COUNTY OF NEW YORK) ss.

On this 16th day of September, 1970, before me personally appeared Douglas C. Kay, to me personally known, who being by me duly sworn, says that he is the Senior Vice President of UNITED STATES LEASING INTERNATIONAL, INC., that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

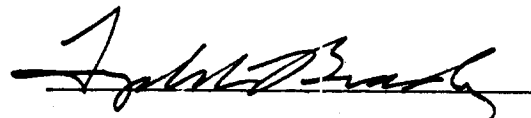
(Seal)


JOSEPH L. BRADY
NOTARY PUBLIC, State of New York
No 80-5418875
Qualified in Westchester County
Commission Expires March 30, 1972

STATE OF NEW YORK)
)
COUNTY OF NEW YORK) ss.

On this 16th day of September, 1970, before me personally appeared R. W. Hyde, to me personally known, who being by me duly sworn, says that he is the President of U. S. STEEL LEASING CO., INC., that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Seal)


JOSEPH L. BRADY
NOTARY PUBLIC, State of New York
No 80-5418875
Qualified in Westchester County
Commission Expires March 30, 1972

5832-a

RECORDATION NO. _____

FEB 1 1974

FIRST AMENDMENT OF ASSIGNMENT OF
LEASE AND GRANT OF SECURITY INTEREST APR 17 1974 - 10 40 AM

INTERSTATE COMMERCE COMMISSION

THIS AMENDMENT TO ASSIGNMENT OF LEASE AND GRANT OF SECURITY INTEREST dated as of April 2, 1974, between UNITED STATES LEASING INTERNATIONAL, INC., ("USLI") and U.S. STEEL LEASING, CO., INC. ("Assignee");

W I T N E S S E T H

WHEREAS, USLI and Assignee have heretofore executed and delivered that certain Assignment of Lease and Grant of Security Interest dated as of August 31, 1970 (the "Assignment") providing for the assignment thereunder by USLI to the Assignee of the Assigned Rent (as defined in the Assignment) and all other sums due or to become due under that certain Lease of Railroad Equipment (the "Lease") dated as of May 21, 1970 between USLI as Lessor and Bay State Milling Company as Lessee recorded with the Interstate Commerce Commission and assigned recordation number 5738 together with Schedule Nos. 1-A, 1-B and 1-C between the same parties, and together with all amendments and renewals thereof, including, all of USLI's right, title and interest in the Lease and in the rent and in and to all monies due or to become due and payable as a part thereof, with full power and authority to collect, receive and accept all payments thereunder, and to enforce and take all legal proceedings in connection therewith; and

WHEREAS, USLI assigned to Assignee a Security Interest in the Leased Equipment (as defined in the Assignment); and

WHEREAS, the Assignment was filed for record with the Secretary of the Interstate Commerce Commission on September 18, 1970 and was assigned recordation number 5832; and

WHEREAS, USLI and the Assignee desire to amend the Assignment as hereinafter set forth:

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration the receipt hereof is hereby acknowledged, USLI and Assignee hereby covenant and agree that the Assignment shall be deemed to be and it is hereby amended as follows:

1) Section 1.(c)(ii), the figure, "\$15,165.40" is hereby deleted and the figure "\$7,582.70" is inserted thereunder.

2) Section 1.(d)ii) is hereby deleted and the following language is inserted thereunder, "10 steel center flow cars Nos. BSMX 1, 2, 3, 4, 5, 6, 13, 16, 17 and 18."

Except as hereby amended all other terms and conditions of the Assignment shall remain in full force and effect.

IN WITNESSETH WHEREOF, the parties hereto have caused this First Amendment to be executed by their respective officers thereunto duly authorized and their corporate seals to be hereto affixed as of the day and year first above written.

UNITED STATES LEASING
INTERNATIONAL, INC.

Attest:

Joanne L. Meier
Assistant Secretary

BY

Victor Meyer
Vice President

U.S. STEEL LEASING CO., INC.

Attest:

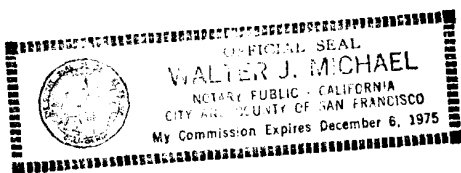
[Signature]
Asst. Secretary

BY

[Signature]
Vice President

STATE OF CALIFORNIA)
CITY AND COUNTY OF) SS.
SAN FRANCISCO)

On this 4th day of April, 1974 before me personally appeared Peter Mezey, to me personally known, who being by me duly sworn, says that he is a vice president of UNITED STATES LEASING INTERNATIONAL, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Walter J. Michael

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS.

On this 11th day of April, 1974, before me personally appeared W E LEWELLEN, to me personally known, who being by me duly sworn, says that he is the VICE PRESIDENT of U.S. STEEL LEASING CO., INC., that one of the Seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Marie T. Gollinello

MARIE T. GOLLINELLO
Notary Public, State of New York
No. 24-9821567
Qualified in Kings County
Commission Expires March 30, 1976